



DEPARTMENT OF DEFENSE
Defense Contract Management Agency

INSTRUCTION

Competitive Sourcing
Inherently Government Commercial Activities

Financial and Business Operations Directorate
OPR: DCMA-FBO

DCMA-INST 703
February 18, 2014

1. PURPOSE. This Instruction:

a. Reissues and renames DCMA Instruction (DCMA-INST) 703, "Competitive Sourcing" (Reference (a)) to "Competitive Sourcing – Inherently Government Commercial Activities".

b. Establishes a Competitive Sourcing Program in accordance with DoDD 5105.64, "Defense Contract Management Agency (DCMA)" (Reference (b)).

c. Establishes policy, assigned roles and responsibilities and outlines procedures for developing and maintaining a Competitive Sourcing Program in accordance with OMB Circular A-76 (Reference (c)).

2. APPLICABILITY. This Instruction applies to all DCMA activities.

3. MANAGERS' INTERNAL CONTROL PROGRAM. In accordance with DCMA-INST 701, "Managers' Internal Control Program" (Reference (d)), this Instruction is subject to evaluation and testing. The process flowchart is located at Appendix A.

4. RELEASABILITY – UNLIMITED. This Instruction is approved for public release.

5. PLAS CODE. 500 - Plans & Policy Deployment (Non-Process Specific)

6. RESOURCE WEB PAGE. <https://home.dcma.mil/policy/703r>

7. EFFECTIVE DATE. By order of the Director, DCMA, this Instruction is effective February 18, 2014, and all applicable activities shall be fully compliant within 60 days from this date.

A handwritten signature in black ink that reads "Pamela F. Conklin". The signature is fluid and cursive.

Pamela F. Conklin
Executive Director
Financial and Business Operations/Comptroller

SUMMARY OF CHANGES

This publication has been revised and renamed. The rename provides for a clearer description of the overall policy. A summary of changes to this Instruction includes:

CHAPTER 1. POLICY

- Clear description for the purpose of the Competitive Sourcing policy and the impact of the Inherently Government and Commercial Activities Inventory

CHAPTER 2. ROLES AND RESPONSIBILITIES

- Roles and responsibilities clearly described

CHAPTER 3. PROCEDURES

- Challenge Authority clarification of interested party's right to appeal within 10 days

APPENDIX

- Flowchart updated to reflect process flow

TABLE OF CONTENTS

SUMMARY OF CHANGES.....2

REFERENCES.....4

CHAPTER 1 - POLICY

 1.1. Policy5

CHAPTER 2 - ROLES AND RESPONSIBILITIES

 2.1. Director, DCMA6

 2.2. Deputy Director, DCMA6

 2.3. Executive Director, Financial and Business Operations7

 2.4. Director, Manpower and Organization Management7

CHAPTER 3 - PROCEDURES

 3.1. Inventory8

 3.2. Preparing the IGCA Inventory8

 3.3. Challenges8

 3.4. Appeals9

APPENDIX

 Appendix A. Flowchart.....10

GLOSSARY

 Acronyms11

REFERENCES

- (a) DCMA-INST 703, “DCMA Competitive Sourcing,” May 2012 (hereby canceled)
- (b) DoD Directive 5105.64, “Defense Contract Management Agency (DCMA),”
January 10, 2013
- (c) OMB Circular A-76, “Performance of Commercial Activities,” May 29, 2003
- (d) DCMA-INST 710, “Managers’ Internal Control Program,” September 12, 2011
- (e) Federal Activities Inventory Reform Act of 1998, October 1, 1998

CHAPTER 1

POLICY

1.1. POLICY.

1.1. This Instruction implements DoD policy, pursuant to OMB Circular A-76 (References (c)), that a Competitive Sourcing Program be established to manage Competitive Sourcing. Competitive Sourcing is the public-private competition process of the government's commercial activities. To achieve the objective of obtaining the best possible economic value for goods and services, Competitive Sourcing uses a strategy requiring federal agencies to identify commercial-type activities performed by government employees and to determine whether these activities are best provided by the private sector, by government employees, or by another agency through a fee-for-service agreement. As part of this initiative, the policy and procedures for defining government functions as inherently governmental or commercial in nature are outlined in Reference (c).

1.2. This Instruction provides guidance for the annual Inherently Government and Commercial Activities Inventory (IGCA). It also outlines the responsibilities of DCMA activities in preparing the inventory.

1.3. Financial and Business Operations (DCMA-FB) shall oversee the implementation, administration, and management of the DCMA Competitive Sourcing Program.

CHAPTER 2

ROLES AND RESPONSIBILITIES

2.1. DIRECTOR, DCMA. The DCMA Director is appointed as the Component Competitive Sourcing Official (CCSO). As Agency CCSO, the Director, DCMA, without redelegation will:

2.1.1. Communicate with Office of Management and Budget (OMB) through the DoD Competitive Sourcing Official (CSO).

2.1.2. Centralize oversight and allocate resources for conducting competitions.

2.1.3. Ensure public announcements are made announcing the start and end of streamlined or standard competitions.

2.1.4. Recommend a course of action to the DoD CSO for approval when no satisfactory private sector or public reimbursable source responds to a solicitation for a standard competition prior to reissuing a solicitation or implementing the Agency tender.

2.1.5. Ensure that DCMA uses DoD's database, Commercial Activities Management Information System (CAMIS), to identify execution data for public-private competitions and that accurate data is provided in a timely manner.

2.1.6. Approve time-limit waivers and extensions of approved time-limit waivers for streamlined competitions.

2.1.7. Ensure that the DCMA inventory is in compliance with the DoD annual IGCA guidance, and attachment A to Circular A-76 (Reference (c)), including, but not limited to, justifying the designation of government personnel performing inherently governmental activities and exempting a commercial activity performed by government personnel from performance by the private sector.

2.2. DEPUTY DIRECTOR, DCMA. The Deputy Director has delegated authority, without redelegation, to:

2.2.1. Appoint competition officials for standard and streamlined competitions and hold these officials accountable for the timely and proper conduct of public-private competitions.

2.2.2. Approve the use of Government-furnished property, performance bonds, and award fees in a solicitation issued for a standard competition.

2.2.3. Approve a solicitation amendment to change the solicitation closing date to accommodate the submission of the Agency tender.

2.2.4. Make determinations regarding deficiencies in Agency tenders.

2.2.5. Ensure that the conversion differential is calculated in the Agency cost estimate for a streamlined competition where the incumbent commercial activity is performed by more than 10 DoD civilian employees.

2.3. EXECUTIVE DIRECTOR, FINANCIAL AND BUSINESS OPERATIONS. The Executive Director, Financial and Business Operations will review and respond to appeals of inventory challenge decisions.

2.4. DIRECTOR, MANPOWER AND ORGANIZATION MANAGEMENT. The Director, Manpower and Organization Management will be the Challenge Authority and will respond to challenges of inventory decisions. Inventory challenge authorities shall review and respond to challenges of Agency inventory decisions.

CHAPTER 3

PROCEDURES

3.1. INVENTORY. The following process will be used to respond to Office of the Secretary of Defense (OSD) data call for the annual IGCA inventory. It outlines the responsibilities in preparing the inventory.

3.1.1. The IGCA inventory serves as the data set for responding to various reporting requirements, including the Federal Activities Inventory Reform Act (FAIR) (Reference (e)). The FAIR Act requires each Agency annually to submit to OSD a list of activities performed that are not inherently governmental. Designation of position categorization as either inherently governmental or commercial is based on OMB Circular A-76 (Reference (c)).

3.1.2. DCMA positions will be reviewed on an annual basis to determine which positions are inherently governmental and which could be commercially sourced. The goal is to achieve greater efficiencies in those functions identified as commercial in nature. All DCMA positions will be reviewed on an annual basis using the OSD FAIR Act inventory process and accompanying DCMA annual supplementing guidance.

3.2. PREPARING THE IGCA INVENTORY. The following procedures will be used to prepare the IGCA Inventory:

3.2.1. After OSD data call is issued, DCMA Financial and Business Operations, Manpower and Organization Management (DCMA-FBO) will interpret the OSD FAIR Act guidance and issue a tasking memo to DCMA Headquarters Components and Regional Commanders with implementing instructions specific to that year's guidance.

3.2.2. Operational Directorates will use the Agency tasking instructions to code positions. They will then provide their position data to DCMA-FBO, who will incorporate all data into the overall DCMA submission to OSD. Division submissions should be coordinated at the Division Director/Commander level before submission.

3.2.3. DCMA-FBO will review coding decisions for consistency with OSD and DCMA guidance. Any coding inconsistencies will be coordinated with the appropriate DCMA activities and corrected, as necessary.

3.3. CHALLENGES. After publication of OMB's Federal Register notice stating that an Agency's inventories are available, an interested party shall have 30 working days to submit a written inventory challenge. The inventory challenge shall be limited to (a) the classification of an activity as inherently governmental or commercial, or (b) the application of reason codes. To be considered valid, a challenge must meet all of the requirements below. Challenges that do not meet all of these requirements will be rejected.

3.3.1. The challenge must be in writing and received within 30 working days after the date that the OMB notice stating that the DoD Inventory is available to the public.

3.3.2. The challenge must identify the activity being challenged as specifically as possible; that is, it must give a sufficient description of the activity being challenged so DCMA can identify it.

3.3.3. The challenge must state whether it is critically questioning the decision to include the activity on the Department of Defense inventory list as a commercial activity or the decision to exclude the activity as inherently governmental.

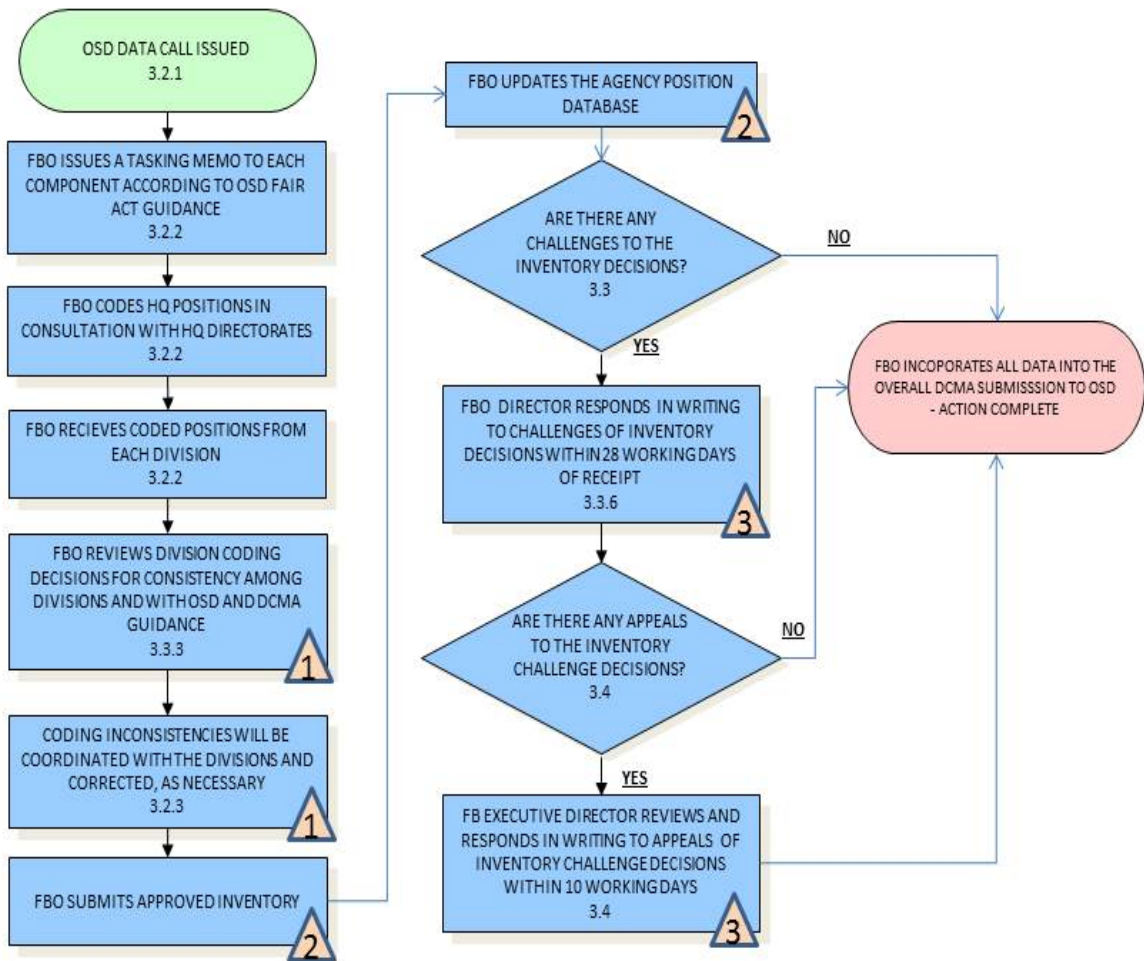
3.3.4. The challenge must state the reason or reasons for the challenge.

3.3.5. The challenge must include the name of the challenger and the address to which the decision on the challenge should be sent.

3.3.6. A decision on a challenge will be made within 28 working days from the date received. The decision will be in writing and will state whether the challenge is rejected or upheld or denied, as well as explain the rationale for the decision. Inventory challenge authorities shall include an explanation of the interested party's right to file an appeal in any adverse challenge decision within 10 working days.

3.4. APPEALS. Appeals must be in writing and submitted to the designated office within 10 working days after the challenger receives the decision denying or rejecting the challenge. Within 10 working days of receipt of the appeal, inventory appeal authorities shall issue and transmit a written inventory appeal decision to the interested party. Decisions on appeals made by the Executive Director, Financial and Business Operations, will be in writing and will state the determination and the rationale for the decision. When the inventory challenge process results in a change in DCMA's inventory, DCMA shall transmit a copy of the change to OSD.

APPENDIX A
COMPETITIVE SOURCING FLOW CHART



GLOSSARY

ACRONYMS

CA	Commercial Activities
CAMIS	Commercial Activities Management Information System
CCSO	Component Competitive Sourcing Official
CSO	Competitive Sourcing Official
DCMA-FB	Financial and Business Operations
DCMA-FBO	Manpower and Organization Management
DCMA-INST	DCMA Instruction
FAIR	Federal Activities Inventory Reform Act
IGCA	Inherently Government and Commercial Activities
OMB	Office of Management and Budget
OSD	Office of the Secretary of Defense
PLAS	Performance Labor Accounting System